

Nyandeni Local Municipality



Mbuyiseli Mandla

**[ SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN(SDBIP)**  
**AND PERFORMANCE MANAGEMENT SYSTEM(PMS) ]**

Nyandeni Local Municipality Draft SDBIP for the year 2010/2011

## Nyandeni Local Municipality – EC 155

### **Service Delivery and Budget Implementation Plan and Performance Management System(SDBIP and PMS)**

This Performance Management and SDBIP framework is therefore a policy document that will set out:

- The requirements of a performance management system that the SDBIP will need to fulfill,
- The requirements for effective implementation of the PMS and Service Delivery and Budget implementation Plan (SDBIP).
- The principles that will inform their development and use,
- The process by which the system will work, and the delegation of responsibilities for different roles in the process,
- A plan for the development and implementation of the systems.

The IDP and Budget are key documents informing the SDBIP and PMS. The Nyandeni Local Municipality 2009/2010 reviewed IDP and budget documents were then considered in drawing up our SDBIP and performance management system. This document has been adopted by the municipal council as its combined SDBIP and performance management system for the 2009-2010 financial year

### **Legislative Framework for SDBIP and PMS**

The need for a monitoring tool within municipalities comes from a number of legislative pieces, giving guidance and direction on the path to be followed when developing these systems. All this is done in order to ensure effective and efficient service delivery to our communities. The different pieces of legislation are discussed below:

Municipal Finance Management Act(2003)

The SDBIP gives effect to the Integrated Development Plan (IDP) and budget of the municipality and will be possible if the IDP and the budget are fully aligned with each other as required by the MFMA (Act 56 of 2003)

Section 1 of the MFMA defines the SDBIP as: a detailed plan approved by the mayor of a municipality in terms of section 53(1)(c)(ii) for implementing the municipality's delivery of services and the execution of its annual budget and which must include (as part of the top layer) the following:

- a) projections for each month of
  - (i) revenue to be collected, by source; and
  - (ii) operational and capital expenditure, by vote
- b) service delivery targets and performance indicators for each quarter.

According to Section 53(1)(c)ii of the MFMA (Act 56 of 2003) the mayor of the municipality must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget.

The mayor is to receive the draft budget 14 days after approval of budget and therefore the final SDBIP approved 14 days after receiving the first draft. Nyandeni Local Municipality Budget for 2010/2011 was approved on the 28 June 2010, accordingly the draft SDBIP was received by the mayor and final draft adopted on the --June 2010.

### **The White Paper on Local Government (1998)**

The White Paper on Local Government (1998) suggested that local government should introduce the idea of using monitoring tools to measure impact and performance. Therefore the white paper further notes that Performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently.

### **The Municipal Systems Act (2000)**

Government has taken this idea of measuring performance forward in chapter six of the Municipal Systems Act (32 of 2000) which requires all municipalities to:

- Develop a performance management system
- Set targets, monitor and review performance based on indicators linked to their IDP
- Publish an annual report on performance for the councillors, staff, the public and other spheres of government.
- Incorporate and report on a set of general indicators prescribed nationally by the minister responsible for local government
- Conduct an internal audit on performance before tabling the report.
- Have their annual performance report audited by the Auditor-General.
- Involve the community in setting indicators and targets and reviewing municipal performance.

### **Municipal Planning and Performance Management Regulations (2001)**

To develop further guidelines and clarity in the issues of IDP and PMS, regulations were issued in 2001. The Municipal Planning and Performance Management Regulations set out in detail requirements for municipal Performance Management Systems. However the regulations do not sufficiently constitute a framework that fully proposes how the system will work. Each component of the proposed framework in this document is strongly informed by the regulations.

Objectives of a combined SDBIP and Performance Management System for Nyandeni Local Municipality

Beyond the fulfilling of legislative requirements, Nyandeni Local Municipality requires a system that will be constituted as the primary mechanism to monitor, review and improve the implementation of the municipality's IDP and budget expenditure. In doing so, it should fulfill the following functions:

#### **1.Facilitate increased accountability**

The system provides a mechanism for ensuring increased accountability between

- The citizens of Nyandeni Local Municipality and the municipal council,
- The political and administrative components of the municipality,
- Each department and the executive office.

#### **2.Facilitate learning and improvement**

While ensuring that accountability is maximised, the combined SDBIP and performance management system must also provide a mechanism for learning and improvement. It should allow for the municipality to know which approaches are having the desired impact, and enable the municipality to improve delivery. It should form the basis for monitoring, evaluating and improving the IDP and budget expenditure. This system should not be used as a punitive tool.

#### **3.Provide early warning signals**

The SDBIP and performance management system should provide managers, the Municipal Manager, Portfolio Committees and the Executive Committee with early warning of risks to full implementation of the IDP and budget expenditure. It is important that the system ensure decision-makers are timeously informed of risks, so that they can facilitate intervention, if necessary.

#### **4. Facilitate decision-making**

The system should provide appropriate management information that will allow efficient, effective and informed decision-making, particularly on the allocation of resources.

The objectives listed above are not exhaustive, but summarise the intended benefits of the SDBIP and performance management system. These intended functions should be used to evaluate the combined SDBIP and performance management system, quarterly.

### **Principles Governing SDBIP and PMS**

The following principles are proposed to inform and guide the development and implementation of the Nyandeni Local Municipality's combined SDBIP and performance management system:

### **1.Simplicity**

Bearing in mind the grade and level at which the municipality is at the system that is developed is a simple user-friendly system that enables the municipality to operate it within its existing resource capacity. It also allows the municipality to involve external stakeholders.

### **2. Politically driven**

Legislation clearly tasks the Executive Committee as the owner of the performance management system. The Executive Committee will need to drive both the implementation and improvement of the system, and may delegate responsibilities in this regard.

### **3. Incremental implementation**

It is important that while a holistic performance management system will be proposed, the municipality could adopt a phased approach to implementation, dependent on the capacity and resources of the municipality. It is also important to note that municipal performance management still needs to get used to and therefore has no definitive solutions. This system will need to be constantly improved based on its workability.

### **4. Transparency and accountability**

The process of managing performance and expenditure should be inclusive open and transparent. Citizens should know how departments are run, how resources are spent, and who is in charge of particular services. Similarly all information on the performance of departments should be available for other managers, employees, the public and specific interest groups.

### **5. Integration**

The system should be integrated into other management processes within the municipality, such that it becomes a tool for more efficient and effective management rather than an additional reporting burden. It should be seen as a central tool for ongoing management functions and also for implementing IDP projects and budget.

### **6. Objectivity**

SDBIP and Performance management must be founded on objectivity and credibility. Both the processes of managing performance and the information on which it relies need to be objective and credible.